

Advocate Sherman Ambulatory Surgery Center

January 29, 2019

Via Overnight Courier

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street - 2nd Floor
Springfield, IL 62761

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Subject: Advocate Sherman Ambulatory Surgery Center, Project No. 16-038 (the Project)
Request for Permit Renewal

Dear Ms. Avery:

We respectfully request a 30-month permit renewal for our Project to allow us to complete the Project referenced above. On January 24, 2017, the Illinois Health Facilities and Services Review Board granted the Applicants a permit to establish a multi-specialty surgery center on the Advocate Sherman Hospital campus in Elgin. The Applicants now seek a permit renewal for this Project through September 30, 2021.

Project Overview and Status

Design Documents and Construction Documents have been completed and approved by IDPH. Pre-construction activities have commenced, including RFPs for subcontractors, soil tests, permit filings, etc. Project costs incurred through December 31, 2018 are approximately \$768,005. The Project is approximately 25% complete. Please refer to the attached chart for a detailed breakdown in costs approved and incurred to date.

Requested Completion Date

The estimated remaining pre-construction timeline is an additional 6 months, then 18 months of construction and 6 months to have the facility licensed. Therefore, the Applicant seeks a completion date of August 31, 2021, or a 30-month renewal. This is a first request for a permit renewal.

Statement as to Reasons why the Project has not been completed

Since receiving the permit, both Surgical Care Affiliates and Advocate Sherman Hospital have undergone major corporate mergers at the parent corporation level. Because of these mergers, we experienced a delay in the Project due to the diversion of various resources (time and otherwise). Most recently, Advocate Health Care required more time to engage in and integrate with Aurora Health Care throughout 2018. There is still work to be done with that merger, which has taken precedence over this Project given the enterprise-wide initiatives.

We are optimistic that the appropriate resources will be available soon to continue progressing steadily on this project. This delay was beyond our estimated timeline and unforeseen prior to the merger announcement.

Project Cost and Scope

The Project's cost is in compliance with what the Health Facilities and Services Review Board approved. However, the square footage of the Project is currently projected to be slightly larger than what was listed on the original CON application, but it will increase no more than 5% of the approved square footage. If square footage increases, we will timely file for a Permit alteration. Concurrent with the filing of this Permit Renewal request we are filing our Annual Report.

Enclosed please find the required \$1,000 application fee. Please let me know of any questions on this material, or if additional information needs to be provided.

Thanking you in advance for your assistance.

Respectfully

Advocate Sherman Ambulatory Surgery Center, LLC

A handwritten signature in black ink, appearing to read "Drew Bell", is positioned above the printed name.

By: _____
Drew Bell, President

Enclosure

cc: Joe Ourth

Advocate Sherman Ambulatory Surgery Center
Project No. 16-038

Use of Funds	Incurred	In Permit
Preplanning Costs	\$83,457	\$85,500
Site Survey and Soil Investigation		\$9,500
Site Preparation		\$350,000
Off Site Work		\$0
New Construction Contracts		\$6,558,424
Modernization Contracts		\$0
Contingencies		\$606,659
Architectural/Engineering Fees	\$293,216	\$564,135
Consulting and Other Fees	\$273,458	\$315,469
Moveable or Other Equipment (not in Construction Contracts)		\$3,473,317
Bond Issuance Expense (project related)		\$37,550
Net Interest Expense During Construction (Project related)		\$335,000
Fair Market Value of Leased Space or Equipment		\$0
Other Costs To Be Capitalized	\$117,874	\$383,298
Acquisition of Building or Other Property (excluding land)		\$0
TOTAL USES OF FUNDS	\$768,005	\$12,718,852